

Report of the Director of Resources

Report to Corporate Governance and Audit Committee

Date: 21st January 2014

Subject: KPMG External Audit Plan 2013/14

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. In order to discharge its statutory duties, KPMG has issued an audit plan which covers both the Council's 2013/14 accounts and the process for assessing the Authority's arrangements to secure value for money in the use of resources. The attached report identifies the key stages of the audit, the planned timetable and the key risks identified.

Recommendations

2. Members of the Corporate Governance and Audit Committee are asked to agree the nature and scope of the external audit plan.

1 Purpose of this report

- 1.1 To inform members of KPMG's audit plan for the audit of the Council's accounts and Value for Money arrangements. The attached report from KPMG highlights the risk based approach to the audit and the main risks they have identified for 2013/14.

2 Background information

- 2.1 KPMG's statutory responsibilities and powers are set out in the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice. As the Council's external auditors, KPMG are required to satisfy themselves that the Council's accounts comply with statutory requirements and that they have been compiled according to proper practices. In addition they are also

required to conclude as to whether the Council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

3 Main issues

3.1 The attached report from KPMG identifies the four key stages for the audit of the Council's financial statements:

- Planning,
- Evaluation of controls (Interim Audit),
- Substantive testing,
- Finalisation (audit opinion and reporting the main findings).

Any findings from the interim audit will, if significant, be the subject of a separate report to this Committee in June. The main audit work (substantive testing) is timetabled for July and August, with the resulting audit opinion and findings due to be reported back to this Committee in September.

3.2 In respect of the Council's Value for Money arrangements, KPMG will structure their approach around two key criteria:

- The Council has proper arrangements in place for securing financial resilience,
- The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

3.3 The main risk identified in KPMG's overall audit plan is whether the Council can achieve the savings target and the potential impact of our contingent liabilities.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The audit plan does not raise any issues requiring consultation or engagement with the public, Ward members or Councillors.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council Policies and City Priorities

4.3.1 Under the Committee's terms of reference members are required to agree the nature and scope of the external audit plan.

4.4 Resources and Value for Money

4.4.1 The report highlights the auditor's approach to assessing whether the Council has proper arrangements for securing value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The report by KPMG outlines how they propose to discharge their responsibilities as defined by the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice.

4.6 Risk Management

- 4.6.1 The risks identified in the KPMG audit plan are recognised within the Council's risk register and incorporated into the level of the Council's risk based reserves.

5 Conclusions in relation to the financial statements

- 5.1 KPMG have provided the Council with a plan for discharging their responsibilities in respect of the external audit of the Council's 2013/14 accounts and for assessing the Council's arrangements for securing value for money. They have also identified what they see as the main risks.
- 5.2 KPMG will inform this Committee in June if there are any significant issues arising from their interim audit. They will then report on their final VFM conclusion and the opinion on the accounts to this Committee in September.

6 Recommendations

- 6.1 Members are asked to agree the nature and scope of the external audit plan.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.